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C O N F I D E N T I A L SECTION 01 OF 02 ZAGREB 000797

SIPDIS

FOR EUR/SCE, EUR/PPD, EUR/RPM AND EUR/ERA
OSD FOR POPOVICH

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TAGS: PREL PGOV HR

SUBJECT: ZAGREB WEEKLY ACTIVITY REPORT - NOVEMBER 20, 2008

REF: ZAGREB 792

Classified By: Rick Holtzapple, A/DCM, Reasons 1.4 (B/D)

11. (C) POSSIBLE DELAY OF GoC PURCHASE OF ADVANCED FIGHTER AIRCRAFT:

On November 17 the local press, citing unnamed government sources, reported that the GoC would delay the tender for the purchase of new fighter jets until 2010 at the earliest for both political and economic reasons. Contacts in the Croatian Air Force told DAO on November 18 that they had not heard that the GoC had reached an official decision. The Ministry of Defense's Long Term Development Plan calls for Croatia to replace its 12 soon-to-be post-lifecycle MiG-21 aircraft by 2011. The GoC requested information regarding various options for replacement fighters including Mirage, MiG-29, Eurofighter, Gripen, and F-16s both new and used. A Gripen representative at a press conference on November 19 in Zagreb said he did not want to comment on speculation that the GoC would not buy any new aircraft, but emphasized the favorable financial terms that his company could offer. (PD'Amico)

12. (C) LAWYER INDICTED FOR MISSING WAR CRIMES EVIDENCE:

The Chief State Prosecutor, Mladen Bajic, told Poloff on November 17 that the Municipal State Attorney's Office in Zagreb is filing an indictment against attorney Marin Ivanovic for destroying or hiding state archive documents. Ivanovic is a member of the defense team of General Ante Gotovina, currently on trial in The Hague. The indictment comes in response to indications from ICTY Prosecutor Brammertz (reftel) that the International Criminal Tribunal for the former Yugoslavia is dissatisfied with Croatian efforts to date to investigate the disappearance of documents requested by ICTY Prosecutor in the Gotovina case. Bajic said the indictment is the result of a Ministry of Justice report alleging that Ivanovic received some of the documents in question from unnamed former Croatian Army members and subsequently destroyed or hid the materials. To date, there has been no mention of the indictment in the Croatian press. Bajic noted that Prime Minister Sanader is concerned the ICTY officials will give a negative assessment of Croatia's cooperation regarding the Gotovina case when they report to the UN Security Council next month. According to Bajic, Sanader has tasked the Ministers of Defense, Interior, and Justice with resolving the issue of the missing documents as quickly as possible. (CZimmer)

13. (U) LUKOIL ANNOUNCES MAJOR INCREASE IN INVESTMENT IN CROATIA:

Lukoil has announced a threefold expansion in its annual investment in Croatia, to top \$200 million by 2011. The Russian company reportedly wants to acquire 150 gas stations in Croatia, which would make it the second

largest retailer of fuel in the country after the parastatal INA company. Lukoil currently owns 14 gas stations in Croatia. They also would like to explore the possibility of building or renting an oil storage facility on the Croatian coast. Lukoil currently possesses a small terminal on the Danube near Vukovar. To achieve this expansion, Lukoil is reportedly looking to acquire one or more existing retailers including Tifon, Croatia's second largest gas station chain, confirming previous rumors that Lukoil was interested in that subsidiary of Hungarian MOL. (DWestfall)

¶4. (SBU) ICJ TO HEAR CROATIA'S CASE UNDER THE GENOCIDE CONVENTION:

The International Court of Justice (ICJ) ruled on November 18 that it had jurisdiction to examine Croatia's claim that Serbia violated its obligations under the Genocide Convention during the 1990's fighting in Croatia. In response to the ruling, Justice Minister Ivan Simonovic told the press that: "The decision is a great legal success." He also noted that "this is only the first round...now the merit of the case is to be decided." President Mesic, said that the ICJ's ruling had a particular symbolism, coming as it did on the the anniversary of the fall of Vukovar to Yugoslav forces in ¶1991. The Croatian Foreign Ministry, declined to comment on Serbian FM Jeremic's statement that the GoS would now file a countersuit with the ICJ against Croatia for war crimes and ethnic cleansing committed against the Serbian minority population during the war, saying that these issues were now judicial matters. (Septel with Embassy Belgrade on relations between

ZAGREB 00000797 002 OF 002

Serbia and Croatia in light of ICJ ruling to follow.)
(PD'Amico)

¶5. (U) WILL THE COALITION FALTER BASED ON AUSTERITY MEASURES?:

On November 12, PM Sanader announced austerity measures to help shore up Croatia's finances during the ongoing economic crisis. Among other things, Sanader said that Christmas bonuses would not be paid in the public sector. This statement drew immediate reaction from the Party of Pensioners (HSU), one of Sanader's coalition partners. HSU President Silvano Hrelja said that his party would leave the coalition if Christmas bonuses (ranging from about 20 to 70 USD) are not paid to retired citizens in 2008. Hrelja said this year's bonus for pensioners was part of a coalition agreement and therefore not negotiable. The HDZ and HSU will likely seek a compromise on this issue. Even if these negotiations fail, Sanader's coalition will retain its ruling majority, as the HSU has only one seat in Parliament. Nonetheless, the defection of the pensioner party could hurt Sanader's HDZ with older voters in next spring's local elections. (ZTomic)

¶6. (U) CROATIANS WELCOME VICTORY OF CROATIAN-AMERICAN MARK BEGICH TO THE U.S. SENATE:

Croatian media have reported extensively on the victory of Anchorage Mayor Mark Begich in the election for U.S. Senator from Alaska, calling him "the first Croatian in the Senate" (neglecting the fact that Ohio Senator George Voinovich's family ties reach back to the ethnic Serb community in Vojnic, Croatia). The local papers report that Senator-elect Begich's grandfather emigrated to the U.S. in 1911 from the small town of Podlapaca in the rural Lika region. (RHoltzapple)

¶7. (U) FULBRIGHT SENIOR FELLOW LECTURES IN OSIJEK, ZADAR, AND ZAGREB:

Prof. Virginia Walter, a professor of library science at UCLA, recently concluded a one-month visit to Croatia as a Fulbright Senior Fellow. During her stay she lectured at the Library Departments at the University of Osijek and the

University of Zadar. She also addressed audiences at the American Corners in Osijek, Zadar, and Zagreb, lecturing on new trends in U.S. libraries. IRC Director Marica Bahlen took Prof. Walter to visit the Karlovac Public Library and the Karlovac youth Library, the only one of its kind in Croatia. Dr. Walter's visit builds on recent visits to Croatia by other U.S. librarians, including the Director of the MIT Research Libraries who addressed university conference in Zagreb and lectured at the University of Zadar, and the Assistant Librarian of Old Bridge, New Jersey, an expert on library services for the elderly, who was the keynote speaker at the Conference for Public Libraries in Pula and at another major library event in Zagreb. (MBahlen)
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